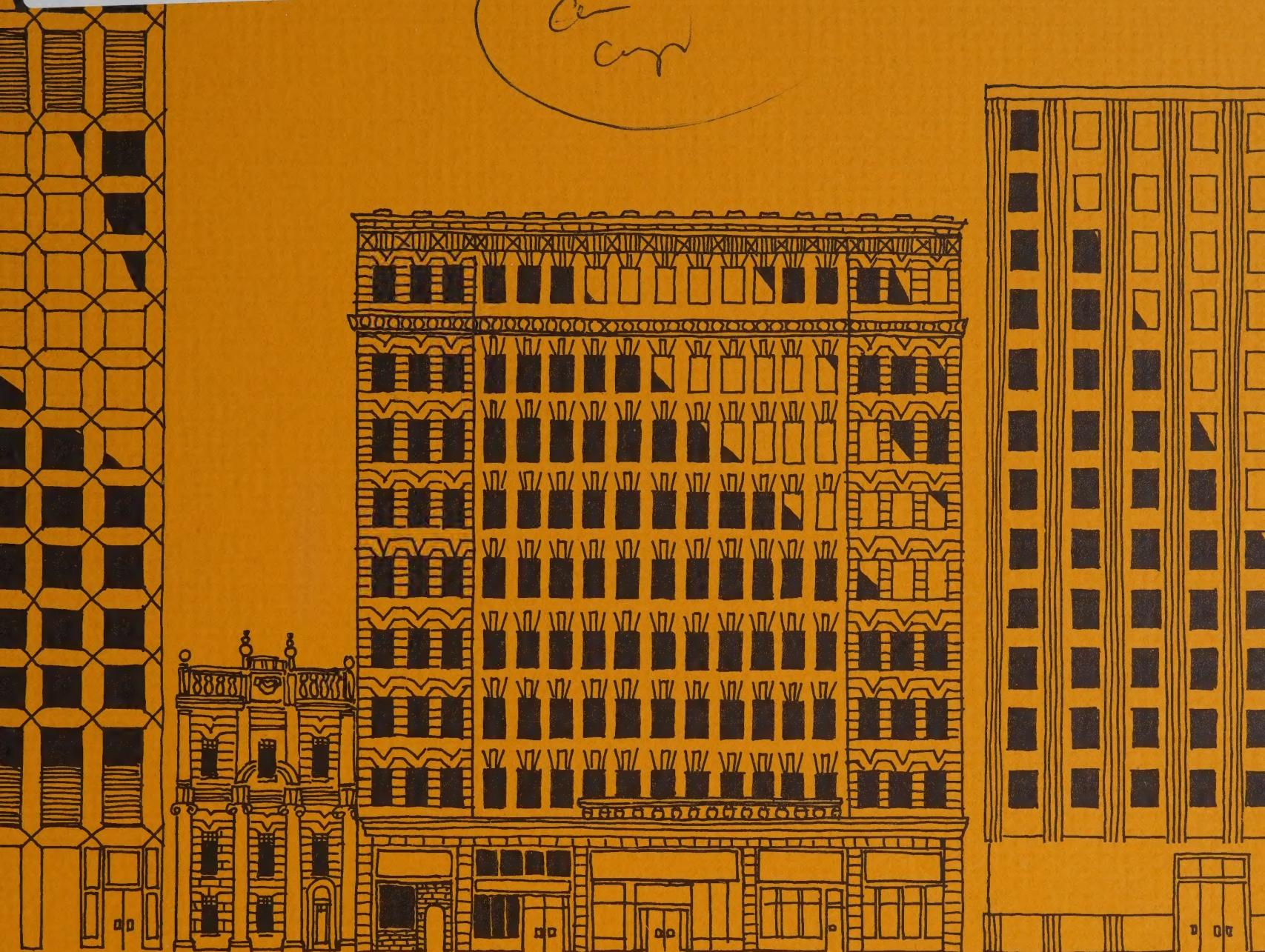


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# annual reports 1970

FIRST CITY FINANCIAL CORPORATION LTD.  
CITY SAVINGS & TRUST COMPANY



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**FIRST CITY FINANCIAL  
CORPORATION LTD.****HEAD OFFICE**

777 Hornby Street, Vancouver,  
British Columbia—688-9421

**BRANCH OFFICE**

McLeod Building,  
Edmonton 15, Alberta—429-4811

**CITY SAVINGS & TRUST COMPANY****HEAD OFFICE**

McLeod Building,  
Edmonton 15, Alberta

**BRANCH OFFICES****Edmonton**

    McLeod Building ..... 429-4811  
    King Edward Hotel ..... 429-5966

**Calgary**

    336 - 7th Avenue, S.W. 266-8851

**Winnipeg**

    369 Portage Avenue ..... 947-1543

**Victoria**

    1306 Douglas Street .... 383-4141

**Regina**

    1861 Hamilton Street .... 522-2691

**Vancouver**

    777 Hornby Street ..... 688-9421

Member Canada Deposit  
Insurance Corporation

**DIRECTORS and OFFICERS**

First City Financial Corporation Ltd.  
City Savings & Trust Company

**Directors**

Senator David A. Croll, Q.C.  
—Toronto, Ontario  
Chairman of the Board  
Samuel Belzberg, B.Comm.  
—Vancouver, British Columbia  
President  
Senator Allister Grosart, B.A.  
—Toronto, Ontario  
William Belzberg  
—Calgary, Alberta  
Joseph H. Shoctor, Q.C.  
—Edmonton, Alberta  
W. Bernard Herman, Q.C.  
—Toronto, Ontario  
Hyman Belzberg  
—Calgary, Alberta  
Morley Koffman  
—Vancouver, British Columbia

**Officers**

Senator David A. Croll, Q.C.  
—Chairman of the Board  
Samuel Belzberg, B.Comm.  
—President and  
General Manager  
William Belzberg  
—Vice-President  
Joseph H. Shoctor, Q.C.  
—Secretary, City Savings  
& Trust Company  
Morley Koffman  
—Secretary, First City Financial  
Corporation Ltd.  
Thomas A. Cross, B.Comm., C.A.  
—Assistant General Manager  
Robert Chapman  
—Chief Mortgage Officer  
Allan B. Clark  
—Real Estate Manager  
Bruce W. Dawson  
—Property Operations Manager  
James Fliczuk, C.A.  
—Comptroller  
Edward G. Robinson  
—Marketing Manager  
Margaret Wensink  
—Investment Manager

**Auditors**

Deloitte, Haskins & Sells  
Chartered Accountants

**Bankers**

The Toronto-Dominion Bank  
Royal Bank of Canada  
Canadian Imperial Bank of Commerce  
Bank of Montreal

**ADVISORY BOARDS**

City Savings &amp; Trust Company

**Vancouver Advisory Board**

(left to right) **Morley Koffman**, member of the board of directors; **Robert Saunders**, Vancouver advisory board member; **Robert Chapman**, mortgage manager; **Senator Allister Grosart**, member of the board of directors.

**Victoria Advisory Board**

(left to right) **Joseph Shoctor, Q.C.**, member of the board of directors; **Senator David A. Croll, Q.C.**, chairman of the board of directors; **John Chew**, Victoria advisory board member; **Thomas A. Cross**, assistant general manager.

**Vancouver/Victoria Advisory Boards**

(left to right) **David Skillings**, member of Victoria advisory board; **Samuel Belzberg**, president; **Otto Froelich**, Vancouver branch manager; **Michael Ryan**, member of Vancouver advisory board.

**Winnipeg Advisory Board**

(left to right, back row) **W. A. Rose**, **G. Prost**, **P. Del Bigio**, **J. Schimnowski**, members of the Winnipeg advisory board.

(left to right, front row) **R. Couture**, Winnipeg advisory board member; **Samuel Belzberg**, president; **Senator Allister Grosart**, member of the board of directors.

**PRESIDENT'S REPORT**

First City Financial Corporation Ltd.

The formation of First City Financial Corporation Ltd. represents an important milestone of progress in the eight-year history of our operations which has brought us from the modest start in Edmonton in 1963 to the present position of the City Savings & Trust Company among the top ten Canadian trust companies in annual earnings.

No business can afford to rest on the laurels of past achievements. This is particularly true in finance and banking with its ever-changing and ever-increasing demands for expanded and integrated financial services and instruments.

Our success in the past has been built on our ability to anticipate and meet these opportunities as they develop. Our policy has been to combine aggressive product marketing and innovation with cautious and flexible investment of assets. Over the years we have pioneered in offering realistic deposit interest rates and in real estate development financing. We have maintained a high level of liquidity, steadily increasing our capital reserves year by year.

We can take pride in the fact that our corporate policies over these eight years have been tailored to the fiscal and economic climate of the times — a period of spectacular growth in national productivity and income and in personal capital formation and standards of living.

In the last year or so that climate has cooled, but only temporarily. There is now a general consensus that the 1969-70 recession is over and we are once again on the road to a resumption of progress in the economy.

The services of financial institutions of the Seventies will be very different in kind and quality from those of the Sixties. Customers will make many new demands on the services we offer.

First City Financial Corporation is our response to this new climate, our formula for maintaining and increasing the forward momentum of our operations. The new Company came into being in mid-1970 following a decision of the Directors to establish First City Financial and recommend to the shareholders of City Savings & Trust a "share for share" exchange of stock. This was quickly accepted and is now

about 95% effective — the exceptions being the necessary Directors' qualifying shares in City Trust, some shares of non-residents to whom the offer could not legally be made, and a few others.

The policy of the new Company is to provide our customers with a whole new range of services which we could not make available to them under the statutory trust company formula. City Savings & Trust will continue to provide both its present and expanded services within its powers as a trust company. To these will be added the new investment and service instruments of First City Financial such as insurance, debentures, special funds, and resource and other equity participations not included in conventional trust company services.

These will not only round out the financial facilities available at City Savings trust and real estate offices but will also be an important source of new customers and new business. The relationship between the two companies is a two-way flow of financial business activity on which existing and prospective customers will be able to have all their financial requirements met from the combined resources of First City Financial and City Savings & Trust.

This corporate development in no way alters the protection assured to deposits of City Trust customers under the Canada Deposit Insurance Corporation Act and the special Acts



Samuel Belzberg, B.Comm.  
President

and Regulations of the various provincial legislatures. City Trust will continue to operate as a trust company subject to existing and future limitations on the ratio of its deposits to capital, the maximum commitment to any single investment, the permissible range of financial instruments, the liquidity requirements of its investment portfolio, and the strict personal responsibilities of Directors and Officers for the trust funds under their direction.

The established relationships of the depositors and customers of City Trust are basically unchanged, although the new corporate structure will considerably extend the financial accommodations available to them as well as to customers of First City Financial. The continued growth of the trust company is the key to the success of First City Financial.

I want to say a special word of thanks to the shareholders of City Savings & Trust who have responded so fully to the Directors' recommendation of the exchange of their shares for those of First City Financial. I speak for all Directors in saying that we are most appreciative of their confidence in our judgment in this important corporate development. This important step is a necessary and logical extension of our presence in the Canadian financial field — particularly in view of our entry into the Eastern Canadian markets as outlined by the Chairman of the Board in the accompanying report on the affairs of the Trust Company.

The first annual statement of First City Financial, which appears with this report, covers the earliest stages of the formation of the Company. It is, therefore, no more than a formal statement of the financial position of the Company at the end of 1970. As of that date, as will be seen, its only asset is the Trust Company and its only revenue, the proceeds of the semi-annual declaration of dividends by City Savings & Trust.

Since the formation of the Company and particularly in the first month or so of 1971, the Officers and Directors have been active in assessing the many opportunities that presented themselves when the aims and objectives of First City Financial became known in financial circles

in both Western and Eastern Canada. As a result, I shall shortly be making some important announcements concerning the acquisition of new assets which will support and complement the activities of the Trust Company. These are part of the program of operations which we have projected for 1971 and which will, I feel certain, be reflected in a more substantial balance sheet and revenue statement than is possible at this time.

I would like to take this opportunity of thanking the Officers and Directors for the long hours of extra time and effort they have given to the many undertakings which were necessary to build this new corporate structure.

I add my very special acknowledgement of the fact that this important development would not have been possible without the hard work, enterprise and loyalty of the managers of our departments in Head Office and in our seven branches in Western Canada. Only part of the solid foundation on which we are building this new structure shows directly in the balance sheet and statements of Income. Above all else we are building on people — our people whose experience, expertise and efficiency has been our surest guarantee of success in the past, as it will, I am certain, continue to be as we continue to grow together.

*Samuel Belyea*

**DIRECTORS' REPORT**

City Savings &amp; Trust Company

It is my pleasure to report a successful year's operations for your Company. Our Assets have increased from \$46 million to \$53 million and Assets Under Administration, from \$132 million to \$150 million. The Guaranteed Account (savings deposits and investment certificates) is up from \$41.6 million to \$47.6 million. The Statement of Income shows an increase in Revenue from \$4 million to \$5.4 million and in Income from Operations from \$687,737 to \$878,513.

These increases are, however, offset by rising expenses (before income tax) from \$3.2 million to \$4.5 million and in Income Tax from \$323,568 to \$422,200.

Net income for the year is \$503,280. This compares with net income in 1969 of \$614,129, a drop of \$110,849 of which \$98,632 is accounted for by the increase in corporate income tax.

The anomalies of (a) decreased net income on increased income from operations and (b) increased taxation on decreased earnings are due to the fact that more of our income was from trust company sources rather than equity investments, an experience shared with the financial community in general as the stock market reached an 8-year low. The shortfall was \$202,993 in non-taxable income (from \$249,960 in 1969 to \$46,967 in 1970) which more than offset the \$190,776 in taxable increase in operational income (from \$687,737 in 1969 to \$878,513 in 1970).

However, 1970 was a good year for the Company in the light of general economic conditions. On a comparative basis, our earnings performance was considerably better than the national trust company average and better than many of the long established senior companies.

In a year in which many companies reported substantially reduced earnings, the overall profit figure of \$503,280 was creditable to all concerned, management, departmental and branch heads and staff.

It was a year of considerable corporate expansion and development. Our major expansion was in Ontario where we are now licensed to do business. First step was the establishment of a profitable Property Management Division in downtown Toronto. We are now preparing for full scale trust and real estate offices in the same city.

It was also a year of careful expansion of the Company's real estate activities by acquisi-

tion and extension of existing operations. We now have some 80 active real estate managers and salesmen in both the commercial and residential real estate fields. We have membership in the Multiple Listing Sales Bureaus in all cities and a full range of real estate services including property management and mortgage financing. We have this year instituted a Guaranteed Sales Plan and an Inter-City Referral System across Canada. Under the former we guarantee the sale of homes to assist in the financing of new ones, and under the latter we arrange new home acquisitions for new arrivals in our branch office cities and elsewhere. The development of these services was a major activity during the year and we are projecting increased profit returns from this important part of our overall operations in 1971.

Product innovation is becoming increasingly important in the marketing of trust company services and we have a number of new projects under way or under consideration in this field. We pioneered the introduction of Personal Photo Cheques in Canada and have a Canadian certificate of copyright for this very promising new product for chequing account business. This unique type of cheque has been taken up by several trust companies in the United States. An even more ambitious marketing concept in the Guaranteed Investment Certificate field is at the stage of advanced programming and will be operational in the very near future.

For some time, the Directors have considered setting up Advisory Boards comprised of prominent citizens in the cities where our branches are located. Boards have now been established in Winnipeg, Regina, Vancouver and Victoria. Excellent results are already forthcoming and we are now extending this concept to the remaining cities.

The country agency project consisting of appointing representatives in communities too



Senator David A. Croll, Q.C.  
Chairman of the Board

small for a full branch has more than proved its worth in the pilot experiment we undertook in Saskatchewan last year and is now being set up in other provinces under the management of Mr. Ed Robinson, who pioneered it from the Regina branch.

We have now applied for a license to carry on limited trust company activities in the Province of Quebec and are actively exploring a number of interesting opportunities in that province.

I am particularly pleased to report on the activities of the Board of Directors during the year. The members have given generously of their time and talents to the guidance of the Company's affairs. Regular meetings are held and Directors are briefed monthly on the progress of the Company, product by product, and branch by branch. Board members approve all investment transactions including mortgages, interest rate schedules, expansion plans, staff appointments and requirements. A recent innovation, in line with statutory amendments in Ontario, has been the appointment of an Audit Committee of three Directors, two of whom are not Officers of the Company. They are responsible for examining financial statements before they are presented for approval by the full Board.

For some time we have been steadily increasing the proportion of our investment funds in the mortgage field where security is high and yields are to be obtained which are higher than in other investment areas. Not long ago this portfolio represented about 50% of our total investment portfolio, but is now at 65% although still below the statutory limit of 75%.

We have given the most careful examination to all our operations and concluded that we can look for continued growth in the next year. Our targets for the year are considered attainable by our operating heads. There is no doubt that to meet these objectives will require hard work and extra effort on the part of all members of our team. The targets are, however, soundly based and will show another increase on operating and overall profits in the current year.

This forecast is based not only on our internal capacities but on the improvement in the overall Canadian economy. The 1969-70 recession was more severe and its duration more prolonged than generally predicted. The Canadian government took severe measures to

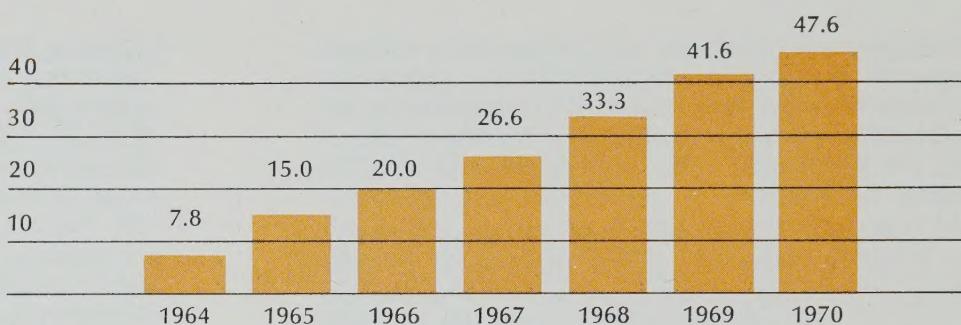
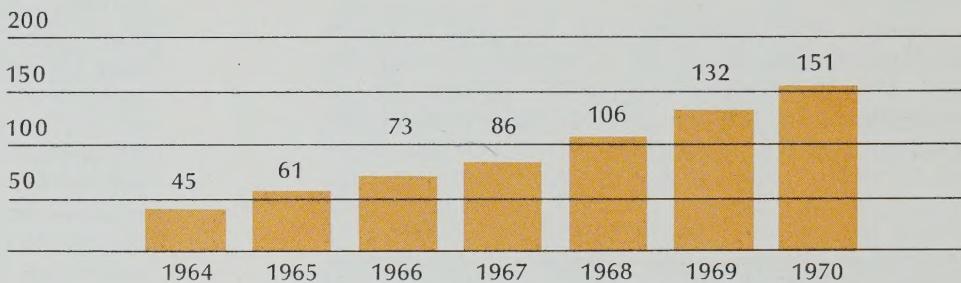
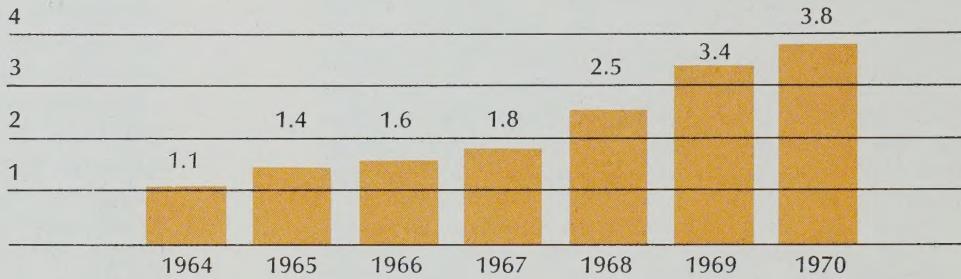
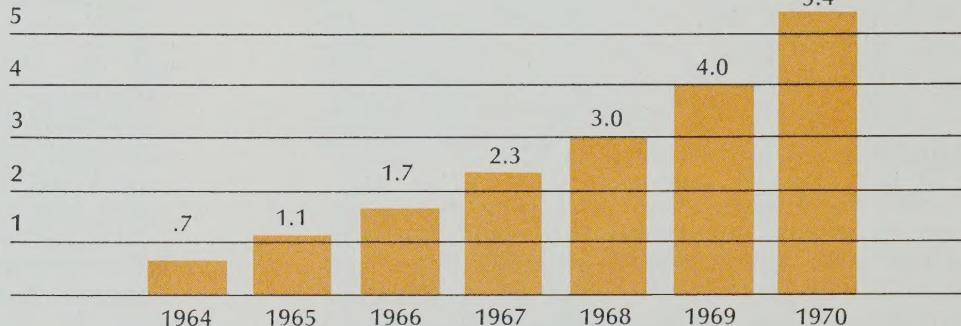
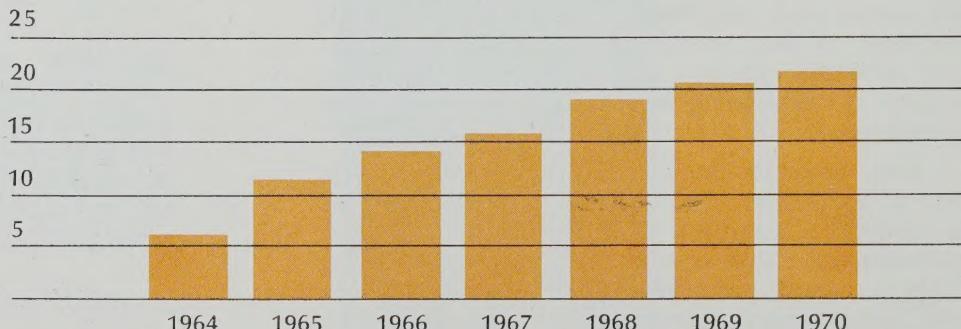
contain the domestic effects of the world-wide inflation. In its primary purpose it was eminently successful. A recent Report on the international OECD (Office of Economic Co-operation and Development) indicated that Canada has kept cost-of-living increases to a lower level than any of the 22 representative countries surveyed. However, the resolute action has had some undesirable side effects, particularly high unemployment, during the past winter. Distressing as this has been, there are signs of a definite turn in the tide. Our GNP increase last year was on the order of 6-7% of which more than half was inflationary and only 2½-3% real. Predictions are now for a real increase in GNP of 5% in 1971. In the early part of the year the cost of money was rising unmatched by comparable increases in available rates of return on investment. Interest rates are now levelling off and expectations are high for increased capital spending by business and consumer support of the markets. The prolonged reluctance of investors to make long-term commitments is easing off and higher levels of liquidity are widely reported. Prospects for a pick-up in housing — off at least 8% last year — are good and the same applies to construction generally.

In this climate, it is reasonable to believe that the control of inflation and levelling of prices in Canada will give us a distinct advantage in achieving a faster recovery from the recession than most other countries. It is just ten years since the end of the last recession and eight years from the day City Savings & Trust Company first opened its doors in Edmonton for business. Today we can look forward with reasonable hope to another good decade for Canada and for our own Company in an atmosphere of confidence in our country and in the financial and other institutions which have served it so well in the past and will, with the necessary adaptions, continue to do so for many years to come.

*David A. Boey*

**GRAPHICAL ANALYSIS — 1970**

City Savings &amp; Trust Company

**Deposits**  
Millions of dollars**Total Assets Under Administration**  
Millions of dollars**Shareholders' Equity**  
Millions of dollars**Schedule of Gross Revenues**  
Millions of dollars**Growth of Accounts**  
Thousands of accounts

**STATEMENT OF INCOME**

FOR THE YEAR ENDED DECEMBER 31, 1970 (with 1969 figures for comparison)

City Savings & Trust Company

	1970	1969
<b>REVENUE:</b>		
Income from investments .....	\$4,693,724	\$3,584,927
Fees, commissions and other income .....	705,099	458,842
Net rental income (less depreciation—1970 \$18,096, 1969 \$6,860) .....	29,195	5,091
<b>Total revenue</b> .....	<b>5,428,018</b>	<b>4,048,860</b>
<b>EXPENSE:</b>		
Interest on guaranteed account .....	3,171,152	2,260,883
Salaries and employee benefits .....	621,888	451,256
Operating expenses .....	692,440	560,994
<b>Total expense</b> .....	<b>4,485,480</b>	<b>3,273,133</b>
<b>INCOME BEFORE DEDUCTING THE UNDERNOTED</b> .....	<b>942,538</b>	<b>775,727</b>
DEPRECIATION ON OFFICE EQUIPMENT AND FURNISHINGS .....	40,189	33,669
AMORTIZATION OF DEFERRED EXPENSES (Note 2) .....	23,836	54,321
	64,025	87,990
<b>INCOME FROM OPERATIONS</b> .....	<b>878,513</b>	<b>687,737</b>
<b>NET GAIN ON REALIZATION OF EQUITY INVESTMENTS</b> .....	<b>46,967</b>	<b>249,960</b>
<b>INCOME BEFORE TAXES</b> .....	<b>925,480</b>	<b>937,697</b>
<b>PROVISION FOR INCOME TAXES:</b>		
Current .....	401,740	316,000
Deferred (Note 3) .....	20,460	7,568
	422,200	323,568
<b>NET INCOME FOR THE YEAR</b> .....	<b>\$ 503,280</b>	<b>\$ 614,129</b>

The accompanying notes are an integral part of the financial statements.

See next page for  
assets →

## BALANCE SHEET

AS AT DECEMBER 31, 1970 (with 1969 figures for comparison)

City Savings & Trust Company (Incorporated by Special Statute, Province of Alberta)

### ASSETS

	1970	1969
<b>CASH AND CERTIFICATES OF DEPOSIT:</b>		
Cash .....	\$ 1,246,840	\$ 1,068,093
Deposit receipts of chartered banks	708,776	1,185,140
Short term notes	<u>1,869,370</u>	<u>2,989,411</u>
	<u>3,824,986</u>	<u>5,242,644</u>
<b>INVESTMENTS (Note 1):</b>		
Securities:		
Government bonds .....	8,085,777	6,456,358
Corporate bonds .....	5,415,663	3,879,672
Stocks .....	<u>3,563,684</u>	<u>3,304,521</u>
	<u>17,065,124</u>	<u>13,640,551</u>
Mortgages and secured loans .....	30,608,854	26,200,306
Real estate .....	<u>750,088</u>	<u>530,544</u>
	<u>48,424,066</u>	<u>40,371,401</u>
Total cash, certificates of deposit and investments .....	<u>52,249,052</u>	<u>45,614,045</u>
<b>ACCOUNTS RECEIVABLE:</b>		
Investment brokers .....	273,874	48,289
Other, including fees and commissions .....	<u>283,673</u>	<u>94,884</u>
<b>PREPAID EXPENSES</b> .....	<u>18,498</u>	<u>18,131</u>
<b>PREMISES, OFFICE EQUIPMENT AND FURNISHINGS — at cost less accumulated depreciation</b> .....	<u>215,119</u>	<u>189,710</u>
<b>DEFERRED EXPENSES — at cost less amounts written off (Note 2)</b> .....	<u>7,066</u>	<u>30,903</u>
<b>TOTAL ASSETS</b> .....	<u><u>\$ 53,047,282</u></u>	<u><u>\$ 45,995,962</u></u>

### ASSETS UNDER ADMINISTRATION

<b>ESTATES, TRUSTS AND AGENCIES:</b>		
Securities, cash and other assets — at nominal or clients' value .....	97,486,046	86,149,348
<b>COMPANY'S TOTAL ASSETS</b> .....	<u><u>53,047,282</u></u>	<u><u>45,995,962</u></u>
<b>TOTAL ASSETS UNDER ADMINISTRATION</b> .....	<u><u>\$150,533,328</u></u>	<u><u>\$132,145,310</u></u>

The accompanying notes are an in

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	1970	1969
<b>GUARANTEED ACCOUNT:</b>		
Savings deposits	\$ 9,679,934	\$ 9,248,629
Investment certificates	<u>37,968,359</u>	<u>32,371,790</u>
	<u>47,648,293</u>	<u>41,620,419</u>
<b>ACCOUNTS PAYABLE:</b>		
Investment brokers	911,247	75,413
Other	193,461	154,390
Income taxes	<u>85,187</u>	<u>350,259</u>
	<u>1,189,895</u>	<u>580,062</u>
<b>DEFERRED CREDITS:</b>		
Mortgage fees	288,391	313,687
Income taxes (Note 3)	<u>138,021</u>	<u>117,561</u>
	<u>426,412</u>	<u>431,248</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Capital stock (Note 4):		
Authorized — 2,500,000 shares of a par value of \$2 each		
Issued and fully paid — 706,927 shares	1,413,854	1,413,854
Surplus and reserve	<u>2,368,828</u>	<u>1,950,379</u>
	<u>3,782,682</u>	<u>3,364,233</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$ 53,047,282</u></b>	<b><u>\$ 45,995,962</u></b>

Approved by the Board:



Howard A. Bresler Chairman of the Board



Samuel Belsberg President and General Manager

**STATEMENT OF SURPLUS AND RESERVE**

FOR THE YEAR ENDED DECEMBER 31, 1970 (with 1969 figures for comparison)

City Savings &amp; Trust Company

	1970	1969
<b>EARNED SURPLUS:</b>		
Balance at beginning of the year .....	\$ 1,088,467	\$ 545,021
Adjustments of prior years' income taxes (Note 6) .....	78,166	78,166
As restated .....	<u>1,010,301</u>	<u>466,855</u>
Net income for the year .....	<u>503,280</u>	<u>614,129</u>
Less dividends .....	<u>1,513,581</u>	<u>1,080,984</u>
Balance at end of the year .....	<u>84,831</u>	<u>70,683</u>
	<u>1,428,750</u>	<u>1,010,301</u>
<b>CONTRIBUTED SURPLUS:</b>		
Balance at beginning of the year .....	440,078	312,038
Premium on issue of shares — less commissions .....	—	128,040
Balance at end of the year .....	<u>440,078</u>	<u>440,078</u>
<b>GENERAL RESERVE:</b>		
Balance at beginning and at end of the year .....	<u>500,000</u>	<u>500,000</u>
<b>TOTAL SURPLUS AND RESERVE</b>	<u><u>\$ 2,368,828</u></u>	<u><u>\$ 1,950,379</u></u>

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF SOURCE AND USE OF FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 1970 (with 1969 figures for comparison)

City Savings &amp; Trust Company

	1970	1969
<b>SOURCE OF FUNDS:</b>		
Net income for the year	\$ 503,280	\$ 614,129
Add:		
Depreciation, amortization and deferred taxes	102,581	102,418
Funds from operations	605,861	716,547
Customer deposits — net	6,027,874	8,264,858
Sale of shares for cash	—	350,290
Other	169,796	183,096
	<u>6,803,531</u>	<u>9,514,791</u>
<b>USE OF FUNDS:</b>		
Invested in securities — net	3,424,573	599,872
Invested in mortgages and secured loans — net	4,408,548	7,854,877
Additions to premises and equipment — net	65,598	46,271
Additions to real estate	237,639	415,651
Payment of dividends	84,831	70,683
	<u>8,221,189</u>	<u>8,987,354</u>
(DECREASE) INCREASE IN FUNDS FOR THE YEAR	(1,417,658)	527,437
CASH AND CERTIFICATES OF DEPOSIT, BEGINNING OF THE YEAR	<u>5,242,644</u>	<u>4,715,207</u>
CASH AND CERTIFICATES OF DEPOSIT, END OF THE YEAR	<u>\$ 3,824,986</u>	<u>\$ 5,242,644</u>

The accompanying notes are an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 1970

City Savings & Trust Company

### 1. INVESTMENTS

The securities are recorded at cost plus accrued income. The market values are:

	1970	1969
Government bonds	\$ 6,684,210	\$ 4,533,684
Corporate bonds	4,724,869	3,054,763
Stocks	2,798,024	2,884,883
	<u>\$14,207,103</u>	<u>\$10,473,330</u>

The regulation enacted December 22, 1970 under The Trust Companies Act, 1967 requires that bonds issued by or guaranteed by governments and bonds of corporations having a net shareholder equity of at least \$10,000,000 be shown at amortized values and other securities be valued at market, as undernoted:

	1970	1969
Government bonds	\$ 8,112,994	\$ 6,479,064
Corporate bonds	5,304,443	3,771,412
Stocks	2,798,024	2,884,883
	<u>\$16,215,461</u>	<u>\$13,135,359</u>

Mortgages and secured loans are recorded at cost plus accrued interest less repayments thereon. Real estate is recorded at cost less accumulated depreciation.

### 2. DEFERRED EXPENSES

Includes costs incurred prior to December 31, 1967 of opening branch offices, advertising and promotion expense pertaining to the acquisition of new business, together with incorporation and registration fees which are being amortized over a five year period commencing with the year the expenses were incurred.

### 3. DEFERRED INCOME TAXES

The deferred portion of the current year's provision for income taxes shown in the statement of income is the amount by which the income taxes otherwise payable in respect of the year have been reduced by

claiming certain expenses for tax purposes in excess of amounts recorded in the accounts.

The resulting tax reduction is included in the balance sheet item, Deferred Income Taxes, which will be brought into income in those future years in which certain expenses claimed for income tax purposes are less than those recorded in the accounts.

### 4. EMPLOYEE STOCK OPTIONS

As at December 31, 1970, there were no employee stock options outstanding. All stock options previously granted were surrendered in favour of stock options in First City Financial Corporation Ltd.

### 5. STATUTORY REGULATIONS

The Trust Companies Act, 1967, enacted May 1, 1967, disqualifies certain types of transactions which were previously allowable. At December 31, 1970, the Company continues to hold investments of this type which are being progressively reduced.

### 6. PRIOR YEARS' INCOME TAXES

During the year, the Company was reassessed for income taxes applicable to the years prior to 1969 in the amount of \$78,166. Accordingly, this amount has been charged to earned surplus at January 1, 1969. The Company has accepted the reassessment to the extent of \$46,463, plus a portion of the \$6,944 interest charged on the increased tax. However, the Company disputes a further amount of \$24,759 for which it has filed a Notice of Objection.

**AUDITORS' REPORT**  
City Savings & Trust Company**DELOITTE, HASKINS & SELLS***Offices across Canada and associated firms throughout the world**Chartered Accountants*

602 BANK OF MONTREAL BUILDING, EDMONTON, ALBERTA

To the Shareholders of  
City Savings & Trust Company:

We have examined the balance sheet of City Savings & Trust Company as at December 31, 1970 and the statements of income and of surplus and reserve and of source and use of funds for the year then ended and have obtained all the information and explanations we have required. As part of our examination, which included a general review of accounting procedures and such tests of accounting records as we considered necessary in the circumstances, we verified the cash and securities of the company.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company these financial statements present fairly the financial position of the company as at December 31, 1970 and the results of its operations and the source and use of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

All transactions of the company that have come within our notice have been within the powers of the company.

*Deloitte, Haskins & Sells*

February 17, 1971.

Auditors.

**BALANCE SHEET**

as at December 31, 1970

First City Financial Corporation Ltd. (Incorporated under The Companies Act, British Columbia)

**ASSETS**

## CURRENT ASSET:

Cash	\$ 62
<b>INVESTMENT IN SUBSIDIARY COMPANY —</b>	
City Savings & Trust Company — at cost	5,383,360
<b>DEFERRED ORGANIZATION AND INCORPORATION EXPENSES</b>	
	<u>31,432</u>
<b>TOTAL ASSETS</b>	<u>\$5,414,854</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

## CURRENT LIABILITIES:

Accounts payable .....	\$ 11,469
Advance from shareholder due on demand	<u>20,000</u>
	31,469

## SHAREHOLDERS' EQUITY:

Capital stock:	
Authorized — 5,000,000 common shares without nominal or par value	
Issued and fully paid — 672,925 shares ....	5,383,385
<b>Retained earnings:</b>	
Dividend from subsidiary company	\$40,229
Less: Dividend paid .....	<u>40,229</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$5,414,854</u>

Approved by the Board:

*David A. Broe* ..... Chairman of the Board

*Samuel Belzberg* ..... President and General Manager

The accompanying note is an integral part of the financial statements.

## NOTE TO THE FINANCIAL STATEMENTS

December 31, 1970

First City Financial Corporation Ltd.

The assets and liabilities of the company's partially-owned subsidiary are not included in the accompanying financial statements because the company was incorporated on April 24, 1970, and has had no operations to the date of the balance sheet.

The company has included in its retained earnings the income of its subsidiary not consolidated only to the extent of dividends received. The company's investment in the subsidiary was in excess of its equity in the net assets, as shown by their audited financial statements, by \$1,782,247 as at December 31, 1970. The company's share of undistributed earnings of the subsidiary since acquisition amounts to \$73,859, all of which relates to the period ended December 31, 1970.

During the period ended December 31, 1970, 672,925 shares were issued as follows:

(a) Pursuant to an offer made on August 24, 1970 to the shareholders of City Savings & Trust Company, 672,920 common shares without nominal or par value were issued in exchange for an equal number

of City Savings & Trust Company common shares with a nominal or par value of \$2 each. The investment in the shares of City Savings & Trust Company was recorded at a cost of \$8 each, the approximate market value of the shares at the date of acquisition.

(b) Five common shares without nominal or par value have been issued for cash at \$5 each.

During the period ended December 31, 1970, options on 18,000 shares were granted to employees of City Savings & Trust Company, a subsidiary company, at an option price of \$7 per share exercisable during the period from January 1, 1971 to December 31, 1972, inclusive.

A dividend of 6c per share was paid on December 15, 1970, to all shareholders of record on November 30, 1970. This dividend declaration was a continuation of the consecutive dividend policy of City Savings & Trust Company as evidenced by the receipt of dividends in the same amount.

## AUDITORS' REPORT

DELOITTE, HASKINS & SELLS

Offices across Canada and associated firms throughout the world

Chartered Accountants

602 BANK OF MONTREAL BUILDING, EDMONTON, ALBERTA

To the Shareholders of

First City Financial Corporation Ltd.:

We have examined the balance sheet of First City Financial Corporation as at December 31, 1970. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion this balance sheet presents fairly the financial position of the company as at December 31, 1970, in accordance with generally accepted accounting principles consistently applied.

February 18, 1971.

*Deloitte, Haskins & Sells*  
Auditors.

## SERVICES AND PRODUCTS



## CHEQUING ACCOUNTS

The year 1970 saw the advent of the most revolutionary idea in chequing account facilities on the North American Continent. City Trust, in keeping with the personalized service aspect of chequing accounts, has developed "Personal Photo Cheques". These cheques bear a picture of the customer and provide instant identification for them. This service is completely free and as a continuing convenience to our customers monthly statements, together with cancelled cheques, are available upon request. In this day of "one stop" banking, convenience is a by-word with City Trust. Arrangements may be made for automatic transfers to a high savings account or for the purchase of Guaranteed Investment Certificates so customers may earn maximum interest. Interest is not paid on chequing accounts.



## SAVINGS ACCOUNTS

A regular savings programme is an essential part of planned financial security. Savings account interest is calculated on the minimum monthly balance. No cheques may be issued on this



type of account however, personal withdrawals or mail withdrawals may be made to accommodate the customer.

A City Trust Savings Account is a valuable complement to a City Trust Personal Photo Cheque account.

GUARANTEED  
INVESTMENT CERTIFICATES

Guaranteed Investment Certificates can be purchased for amounts of \$100 or more. Interest may be paid either quarterly, semi-annually or left to maturity depending upon the wishes of the customer. The interest rates are based on both the amount of deposit and the number of years to maturity. The certificates are to be held full term except in the event of the death of the registered holder then the principal and accrued interest may be paid to the estate upon application by the Executor.



## SHORT TERM DEPOSITS

Short Term Deposits are available for amounts over \$10,000 for periods between one and 364 days or on a demand basis. City Trust's competent investment management team has immediate access to various money markets in Canada and can provide instant quotations on sums over \$50,000. Short Term Deposits are ideally suited for instances where long range investment is precluded. Current interest rates may be obtained from the nearest branch.



### ALL DEPOSITS

All investment products are legal investments for Trustees in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. City Savings & Trust Company is a member of the Canada Deposit Insurance Corporation and the Trust Companies Association of Canada.



### MORTGAGES

City Trust is playing a continuing role in the development and growth of Western Canada through the investment of deposits in the form of mortgage financing. Mortgage funds are available on both an interim and conventional basis on commercial and residential properties. City Trust is an approved lender under the National Housing Act and therefore able to assist in residential construction...one of this country's main problems.

In addition to placing mortgage financing on both new and existing properties, City Trust is prepared to assist buyers and sellers in the purchase of mortgages and the sale of portfolios.



### REAL ESTATE

Real Estate Divisions are established in all branch centres engaging the services of highly qualified personnel, experienced in both commercial and residential real estate sales. City Trust

real estate divisions now have a GUARANTEED SALES PLAN which GUARANTEES THE SALE OF YOUR HOME — tie this sales plan into an inter-city listing and referral system and you have a very competent marketing tool working for you whether you purchase or sell your home. City Trust real estate divisions will assist purchasers and vendors in the purchase and sale of real estate and can provide special consultation for land assembly and appraisals.



### PERSONAL AND CORPORATE TRUST

City Trust offers a full range of personal and corporate trust services, which in a rapidly moving society as ours, and in a country whose tax laws are becoming more and more complex, trust relationships are a necessity rather than a luxury. City Trust offers a full range of Transfer Agent and Registrar services including issuance of share certificates, maintenance of shareholders' record and transfer ledger, disbursements of dividends, mailing of reports and preparation of shareholders' lists. City Trust also offers services as Trustee for bond and debenture issues. These services include maintenance of bond register, payment of interest, sinking fund payments and redemptions, certification of bonds and debentures, reconciliation of interest and coupon accounts, and preparation of lists of bond holders. Experienced and efficient personnel administer these services which comply with legal and accounting requirements.

## SERVICES AND PRODUCTS

City Trust officers have considerable experience in dealing with the complicated matters of estate disposal and estate planning. Moreover, they can advise you now so that your estate may be planned and adjusted to minimize estate tax, succession duty and other costly factors. We are organized to handle all aspects of estate management and trusteeship including investments, sale or purchase of real estate, income tax and succession duty returns and the many other aspects of executorship. By nominating City Savings & Trust Company as your executor and trustee you embrace all of these services under one roof facilitating the settlement of your estate quickly and efficiently.

### PROPERTY MANAGEMENT

City Trust offers real estate investors complete co-ordinated services which can relieve them of the time consuming responsibilities connected with income producing real estate. i.e. apartment buildings, office buildings, shopping centres. Through the services of City Trust an investor in income producing real estate can operate efficiently and economically in any part of Canada without having to be there in person.

Our consulting service is available at any stage in the development of a real estate project and can cover any or all matters relating to management, leasing, administration, architecture, engineering and construction. Specializing in renting, leasing and servicing of industrial, commercial and residential properties, the property management division of City Trust is organized to give complete management and accounting services.

### REGISTERED RETIREMENT SAVINGS PLANS



A City Trust R.R.S.P. will provide for your retirement years and give you tax relief today. Tax relief is granted on contributions deposited to the plan which depend on your annual income. These contributions are invested at a maximum interest rate ensuring the highest rate of return on retirement savings. You may select any retirement date but your pension must commence no later than your 71st birthday. Under the terms of the plan the trustee requires 90 days notice of your retirement.



City Savings & Trust Fastball Team, Edmonton. City finalist, 1970.



